



Rich E. Blanchard

Managing Director, RICH Home Loans LLC

NMLS: 492461

1550 Wewatta St., 2nd Floor Denver, CO 80202

Office: 720.619.9900

Mobile: 303.328.7047

Fax: 214.975.2874

richblanchard@richhomeloans.com

[View My Website](#)

The Day Ahead: MBS Less and Less Willing to Keep Pace

Given that yields are in an extremely low range with no past precedent, it's easy to glance at the chart, shrug one's shoulders, and conclude "oh well, just another day with the 10yr under 1.0%." In other words, when we've spent **our entire lives** watching yields well over 1.0%, the difference between .55% and .65% isn't as meaningful as the simple fact that both numbers are well under 1.0%.

We've been lulled into complacent Treasury rally watching, perhaps (in a good way), but silently and gradually, yields have trickled down to their **2nd lowest levels of all-time**. Only March 9th (when we hit all-time lows of .32%) was any better.

And what do we know about super low Treasury yields as it concerns MBS and the mortgage market? Let's put it this way, on March 9th, the spread between MBS yields and Treasury yields was surging to its **widest** levels since the financial crisis (aka MBS underperforming). Fed buying and a corrective bounce in Treasuries helped restore spread levels, but problems are popping back up now that yields are pressing lower.

Is this a **big deal**? Not really. Not yet anyway. As the chart below shows, spreads are merely back up to early April levels for now and not at risk of the sort of blowout seen in Mid-March. Still, every little bit of weakness stings when we're already seeing rate that are higher than MBS say they should be (due to servicing valuation drama).



MBS & Treasury Market Data

	Price / Yield	Change
MBS UMBS 6.0	100.39	+0.19
MBS GNMA 6.0	100.53	+0.14
10 YR Treasury	4.3602	-0.0724
30 YR Treasury	4.5297	-0.0761

Pricing as of: 7/3 5:59PM EST



Average Mortgage Rates

	Rate	Change	Points
Mortgage News Daily			
30 Yr. Fixed	7.08%	-0.05	0.00
15 Yr. Fixed	6.45%	-0.02	0.00
30 Yr. FHA	6.55%	-0.05	0.00
30 Yr. Jumbo	7.25%	-0.04	0.00
5/1 ARM	7.07%	-0.03	0.00
Freddie Mac			
30 Yr. Fixed	6.86%	-0.01	0.00
15 Yr. Fixed	6.16%	+0.03	0.00
Mortgage Bankers Assoc.			
30 Yr. Fixed	7.03%	+0.09	0.62
15 Yr. Fixed	6.56%	+0.09	0.54
30 Yr. FHA	6.90%	+0.11	0.95
30 Yr. Jumbo	7.11%	-0.01	0.50
5/1 ARM	6.38%	+0.11	0.54

Rates as of: 7/3

Today's econ calendar is fairly calm, with Existing Home Sales being the only top tier report. News headlines are likely to be focused on oil prices with stock losses not far behind and coronavirus miscellany in a distant 3rd place. MBS are starting out roughly **unchanged** while Treasury yields are trading 7bps lower, under .55%. Stocks are down nearly 2% (S&P).

Subscribe to my newsletter online at: <http://housingnewsletters.com/richhomeloans>

Expert Advice | Exceptional Service | Flawless Execution

With 27+ years of expertise in mortgage banking you can be confident in my knowledge and abilities to deliver a seamless loan transaction while providing personalized service.

Rich E. Blanchard

